

Title 50, Appendix note and Table II, set out preceding section 1 of this title.

§ 4401. Declaration of policy

(a) It is necessary for the national security and development and maintenance of the domestic and the export and import foreign commerce of the United States that the United States have an efficient and adequate American-owned merchant marine (1) sufficient to carry its domestic water-borne commerce and a substantial portion of its water-borne export and import foreign commerce and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times; (2) capable of serving as a naval and military auxiliary in time of war or national emergency; (3) owned and operated under the United States flag by citizens of the United States; (4) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel; and (5) supplemented by efficient American-owned facilities for shipbuilding and ship repair, marine insurance, and other auxiliary services.

(b) It is hereby declared to be the policy of this Act to foster the development and encourage the maintenance of such a merchant marine.

(Mar. 8, 1946, ch. 82, § 2, 60 Stat. 41.)

REFERENCES IN TEXT

This Act, referred to in subsec. (b), is act Mar. 8, 1946, ch. 82, 60 Stat. 41, known as the Merchant Ship Sales Act of 1946, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out below and Tables.

CODIFICATION

Section was formerly classified to section 1735 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

SHORT TITLE

Act Mar. 8, 1946, ch. 82, § 1, 60 Stat. 41, provided that: "This Act [see Tables for classification] may be cited as the 'Merchant Ship Sales Act of 1946'."

TERMINATION DATE

Act Mar. 8, 1946, ch. 82, § 14, 60 Stat. 50, as amended June 28, 1947, ch. 161, § 1, 61 Stat. 190; Feb. 27, 1948, ch. 78, § 1(a), 62 Stat. 38; Feb. 28, 1949, ch. 12, 63 Stat. 9; June 29, 1949, ch. 281, § 1, 63 Stat. 349; June 30, 1950, ch. 427, § 1, 64 Stat. 308; Aug. 17, 1950, ch. 725, 64 Stat. 452, provided that: "No contract of sale shall be made under this Act [see Tables for classification] after January 15, 1951, and no contract of charter shall be made under this Act after June 30, 1950, except as provided for charter under subsections (e) and (f) of section 5 hereof, as amended [50 U.S.C. 4403(e), (f)]."

GREAT LAKES VESSELS

Act Sept. 28, 1950, ch. 1093, § 3, 64 Stat. 1078, provided that: "Contracts for the sale of vessels for exclusive use on the Great Lakes, including the Saint Lawrence River and Gulf and their connecting waterways, may be made until December 31, 1950. Such contracts shall require that transfer to the Great Lakes of such vessels by the buyers shall be completed by December 31, 1951."

§ 4402. Definitions

As used in this Act the term—

(a) "Secretary" means the Secretary of Transportation.

(b) to (f) Repealed. Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925.

(g) "Citizen of the United States" includes a corporation, partnership, or association only if it is a citizen of the United States within the meaning of section 50501 of title 46. The term "affiliated interest" as used in sections 9 and 10 of this Act includes any person affiliated or associated with a citizen applicant for benefits under this Act who the Secretary, pursuant to rules and regulations prescribed hereunder, determines should be so included in order to carry out the policy and purposes of this Act.

(Mar. 8, 1946, ch. 82, § 3, 60 Stat. 41; Pub. L. 97-31, § 12(153), Aug. 6, 1981, 95 Stat. 167; Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925.)

REFERENCES IN TEXT

This Act, referred to in text, is act Mar. 8, 1946, ch. 82, 60 Stat. 41, known as the Merchant Ship Sales Act of 1946, which is classified principally to this chapter. Section 9 of the Act was formerly classified to section 1742 of the former Appendix to this title, prior to repeal by Pub. L. 94-412, title V, § 501(g), Sept. 14, 1976, 90 Stat. 1258. Section 10 of the Act was formerly classified to section 1743 of the former Appendix to this title, prior to repeal by Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925. For complete classification of this Act to the Code, see Short Title note set out under section 4401 of this title and Tables.

CODIFICATION

Section was formerly classified to section 1736 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

In subsec. (g), "section 50501 of title 46" substituted for "section 2 of the Shipping Act of 1916, as amended" which probably meant section 2 of the Shipping Act, 1916, on authority of Pub. L. 109-304, § 18(c), Oct. 6, 2006, 120 Stat. 1709, which Act enacted section 50501 of Title 46, Shipping.

AMENDMENTS

1989—Subsecs. (b) to (f). Pub. L. 101-225 struck out subsecs. (b) to (f) which defined "war-built vessel", "prewar domestic cost", "statutory sales price", "domestic war cost", and "cessation of hostilities", respectively.

1981—Subsec. (a). Pub. L. 97-31, § 12(153)(A), (B), substituted "Secretary" for "Commission" and "Secretary of Transportation" for "United States Maritime Commission".

Subsecs. (c) to (e), (g). Pub. L. 97-31, § 12(153)(C), substituted "Secretary" for "Commission" wherever appearing.

§ 4403. Charter of vessels

(a), (b) Repealed. Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925

(c) Laws applicable to charter hire

The provisions of sections 57514 and 57516 to 57521 of title 46 shall be applicable to charters made under this section.

(d) Repealed. Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925

(e) Proceedings and findings; extension of charters

(1) Notwithstanding the provisions of sections 11 and 14 of this Act, as amended, war-built dry-cargo vessels owned by the United States on or after June 30, 1950, may be chartered pursuant to

this Act for bareboat use in any service which, in the opinion of the Maritime Administration, is required in the public interest and is not adequately served, and for which privately owned American flag vessels are not available for charter by private operators on reasonable conditions and at reasonable rates for use in such service. No charters shall be made by the Secretary of Transportation under authority of this subsection until the Maritime Administration shall have given due notice to all interested parties and shall have afforded such parties an opportunity for a public hearing on such charters and shall have certified its findings to the Secretary of Transportation. The Secretary of Transportation is authorized to include in such charters such restrictions and conditions as the Maritime Administration determines to be necessary or appropriate to protect the public interest in respect of such charters and to protect privately owned vessels against competition from vessels chartered under this section: *Provided, however*, That all such charters shall contain a provision that they will be reviewed annually by the Maritime Administration, with recommendations to the Secretary of Transportation, for the purpose of determining whether conditions exist justifying continuance of the charters under the provisions of this subsection.

(2) A charter existing on June 30, 1950, with respect to a war-built dry-cargo vessel may be extended to October 31, 1950, if application is made within ten days after June 30, 1950, for the charter of such vessel under this subsection and if the Secretary of Transportation deems such extension is justified in accordance with the provisions of subdivision (1) of this subsection: *Provided, however*, That a new voyage under such extended charter shall not be begun after October 31, 1950, unless it has been determined prior to such date, in accordance with the procedure set forth in this subsection, that the continued use of the vessel in the service is required. The Maritime Administration shall conduct all hearings on applications made under this paragraph immediately upon receipt thereof and shall promptly certify its findings to the Secretary of Transportation, provided that all such certifications shall be made not later than October 31, 1950.

(f) Charter of passenger vessels

(1) Notwithstanding the provisions of sections 11 and 14 of this Act, as amended, the Secretary of Transportation may charter any passenger vessel, whether or not war-built, owned by the United States on or after June 30, 1950, pursuant to chapter 575 of title 46, and may charter any war-built passenger vessel owned by the United States for use in the domestic trade of the United States, under the conditions prescribed for the charter of war-built cargo vessels in subsection (e) of this section.

(2) Charters existing on June 30, 1950, with respect to passenger vessels may be continued until December 31, 1951, or until expiration thereof by the terms of their provisions.

(Mar. 8, 1946, ch. 82, § 5, 60 Stat. 43; June 28, 1947, ch. 161, § 2, 61 Stat. 191; June 30, 1950, ch. 427, § 3, 64 Stat. 308; Aug. 31, 1954, ch. 1175, 68 Stat. 1050; Pub. L. 97-31, § 12(155), Aug. 6, 1981, 95 Stat. 167;

Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925.)

REFERENCES IN TEXT

This Act, referred to in subsec. (e)(1), is act Mar. 8, 1946, ch. 82, 60 Stat. 41, known as the Merchant Ship Sales Act of 1946, which is classified principally to this chapter. Section 11 of the Act is classified to section 4405 of this title. Section 14 of the Act is set out as a Termination Date note under section 4401 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 4401 of this title and Tables.

CODIFICATION

Section was formerly classified to section 1738 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

In subsec. (c), "sections 57514 and 57516 to 57521 of title 46" substituted for "sections 708, 709, 710, 712, and 713, of the Merchant Marine Act, 1936, as amended," and in subsec. (f)(1), "chapter 575 of title 46," substituted for "title VII of the Merchant Marine Act, 1936, as amended," on authority of Pub. L. 109-304, § 18(c), Oct. 6, 2006, 120 Stat. 1709, which Act enacted chapter 575 of Title 46, Shipping.

AMENDMENTS

1989—Subsecs. (a), (b), (d). Pub. L. 101-225 struck out subsec. (a) which related to charter of vessels to citizens and publication of domestic prewar cost as a prerequisite, subsec. (b) which related to rate of charter hire, and subsec. (d) which related to computation of charter hire where an operator is engaged in both foreign and domestic trade.

1981—Subsec. (a). Pub. L. 97-31, § 12(155)(A), (B), substituted "Secretary" for "Commission" and "his" for "its" wherever appearing.

Subsec. (b). Pub. L. 97-31, § 12(155)(A), substituted "Secretary" for "Commission" wherever appearing.

Subsec. (d). Pub. L. 97-31, § 12(155)(C), substituted "Secretary of Transportation" for "Maritime Commission".

Subsec. (e). Pub. L. 97-31, § 12(155)(D), (E), substituted "Maritime Administration" for "Federal Maritime Board" and "Secretary of Transportation" for "Secretary of Commerce" wherever appearing.

Subsec. (f)(1). Pub. L. 97-31, § 12(155)(E), substituted "Secretary of Transportation" for "Secretary of Commerce".

1954—Subsec. (f)(1). Act Aug. 31, 1954, allowed the chartering of war-built passenger vessels.

1950—Subsecs. (e), (f). Act June 30, 1950, added subsecs. (e) and (f).

1947—Subsec. (d). Act June 28, 1947, added subsec. (d).

AUTHORIZATION FOR PAYMENTS BY SECRETARY OF COMMERCE TO PERSONS TO WHOM HE CHARTERED VESSELS

Pub. L. 85-721, Aug. 21, 1958, 72 Stat. 710, provided: "That the Secretary of Commerce [now Secretary of Transportation] is authorized to pay to any person to whom he has chartered any vessel under authority of section 5 of the Merchant Ship Sales Act of 1946, as amended (50 U.S.C. App., sec. 1738) [now 50 U.S.C. 4403], out of the Vessel Operations Revolving Fund established in chapter VIII of the Third Supplemental Appropriations [Appropriation] Act, 1951 (46 U.S.C. [App.], sec. 1241a) [now 46 U.S.C. 50301(a) to (e)], an amount equal to the fair and reasonable expenses incurred by such person, as determined by the Maritime Administrator, during the calendar year beginning January 1, 1957, to activate such vessel. Such amount shall be reduced by the amount of the difference, as determined by the Maritime Administrator, between the charter hire which such person paid for such vessel, and the charter hire which was paid for similar vessels which the United States activated at its own expense during such calendar year."

§ 4404. Exchange of vessels

(a) to (c) **Repealed.** Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925

(d) Transfer of substitute vessels

In the case of any vessel constructed in the United States after January 1, 1937, which has been taken by the United States for use in any manner, the Secretary, if in his opinion the transfer would aid in carrying out the policies of this Act, is authorized to transfer to the owner of such vessel another vessel which is deemed by the Secretary to be of comparable type with adjustments for depreciation and difference in design or speed, and to the extent applicable, adjustments with respect to the retained vessel as provided for in section 9, and such other adjustments and terms and conditions, including transfer of mortgage obligations in favor of the United States binding upon the old vessel, as the Secretary may prescribe.

(Mar. 8, 1946, ch. 82, § 8, 60 Stat. 45; Pub. L. 97-31, § 12(154), Aug. 6, 1981, 95 Stat. 167; Pub. L. 101-225, title III, § 307(12), Dec. 12, 1989, 103 Stat. 1925.)

REFERENCES IN TEXT

This Act, referred to in subsec. (d), is act Mar. 8, 1946, ch. 82, 60 Stat. 41, known as the Merchant Ship Sales Act of 1946, which is classified principally to this chapter. Section 9 of the Act was formerly classified to section 1742 of the former Appendix to this title, prior to repeal by Pub. L. 94-412, title V, § 501(g), Sept. 14, 1976, 90 Stat. 1258. For complete classification of this Act to the Code, see Short Title note set out under section 4401 of this title and Tables.

CODIFICATION

Section was formerly classified to section 1741 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

AMENDMENTS

1989—Subsecs. (a) to (c). Pub. L. 101-225 struck out subsecs. (a) to (c) which related to allowance as credit on purchase price and vessels acceptable, amount of allowance, and transfers in settlement of claims, respectively.

1981—Pub. L. 97-31 substituted “Secretary” for “Commission” wherever appearing.

§ 4405. National Defense Reserve Fleet**(a) Fleet components**

The Secretary of Transportation shall maintain a National Defense Reserve Fleet, including any vessel assigned by the Secretary to the Ready Reserve Force component of the fleet, consisting of those vessels owned or acquired by the United States Government that the Secretary of Transportation, after consultation with the Secretary of the Navy, determines are of value for national defense purposes and that the Secretary of Transportation decides to place and maintain in the fleet. Vessels in the National Defense Reserve Fleet, including vessels loaned to State maritime academies, shall be considered public vessels of the United States.

(b) Permitted uses

Except as otherwise provided by law, a vessel in the fleet may be used—

(1) for an account of an agency of the United States Government in a period during which

vessels may be requisitioned under chapter 563 of title 46; or

(2) on the request of the Secretary of Defense, and in accordance with memoranda of agreement between the Secretary of Transportation and the Secretary of Defense, for—

(A) testing for readiness and suitability for mission performance;

(B) defense sealift functions for which other sealift assets are not reasonably available; and

(C) support of the deployment of the United States armed forces in a military contingency, for military contingency operations, or for civil contingency operations upon orders from the National Command Authority;

(3) for otherwise lawfully permitted storage or transportation of non-defense-related cargo as directed by the Secretary of Transportation with the concurrence of the Secretary of Defense;

(4) for training purposes to the extent authorized by the Secretary of Transportation with the concurrence of the Secretary of Defense;

(5) on a reimbursable basis, for charter to the government of any State, locality, or Territory of the United States, except that the prior consent of the Secretary of Defense for such use shall be required with respect to any vessel in the Ready Reserve Force or in the National Defense Reserve Fleet which is maintained in a retention status for the Department of Defense; or

(6) for civil contingency operations and Maritime Administration promotional and media events, in accordance with subsection (f).

(c) Ready Reserve Force management**(1) Minimum requirements**

To ensure the readiness of vessels in the Ready Reserve Force component of the National Defense Reserve Fleet, the Secretary of Transportation shall, at a minimum—

(A) maintain all of the vessels in a manner that will enable each vessel to be activated within a period specified in plans for mobilization of the vessels;

(B) activate and conduct sea trials on each vessel at a frequency that is considered by the Secretary to be necessary;

(C) maintain and adequately crew, as necessary, in an enhanced readiness status those vessels that are scheduled to be activated in 5 or less days;

(D) locate those vessels that are scheduled to be activated near embarkation ports specified for those vessels; and

(E) notwithstanding section 2109 of title 46, have each vessel inspected by the Secretary of the department in which the Coast Guard is operating to determine if the vessel meets the safety standards that would apply under part B of subtitle II of that title if the vessel were not a public vessel.

(2) Vessel managers**(A) Eligibility for contract**

A person, including a shipyard, is eligible for a contract for the management of a ves-